

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7384**

**BILL NUMBER:** HB 1194

**NOTE PREPARED:** Jan 3, 2003

**BILL AMENDED:**

**SUBJECT:** Local Gross Retail Tax.

**FIRST AUTHOR:** Rep. Lytle

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the fiscal body of a county, city, or town may adopt and impose a local gross retail tax of up to 0.5% on retail transactions in the county, city, or town. The bill provides that the revenue from the tax shall be used for capital projects or promoting tourism.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Department of State Revenue:* Local option sales tax revenue would be submitted and processed through the Department of State Revenue. The impact on the Department will depend on the size and number of counties, cities, or towns that adopt the tax.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** This bill allows local units to adopt a local option sales tax of 0.5% on taxable retail sales. The impact of this bill on cities, towns, or counties will be depend on the each unit's adoption of the tax.

The bill limits a city, town, or county's use of the local option sales tax revenue to the funding of capital projects and the promotion of tourism within the taxing unit.

*Background information:* If all the state's 92 counties were to adopt the 0.5% tax and cities and towns did not adopt the tax, the state's counties would share in tax revenues of an estimated \$410.7 M in FY 2004 and

\$430.8 M in FY 2005. This estimate is based on the Technical Committee's FY 2004 and FY 2005 forecast (December 18, 2002). County-level estimates are available from the Office of Fiscal and Management Analysis.

**State Agencies Affected:** Department of State Revenue; Treasurer of State; Auditor of State; Department of Local Government Finance.

**Local Agencies Affected:** Local unit fiscal bodies.

**Information Sources:** *December 18, 2002, Revenue Forecast Update.*

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